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Allan G. Andrews, C.A.
Metropolitan Auditor

BOARD OF GOVERNORS OF EXHIBITION PLACE

Report on the audit of the books and
accounts for the year ended

December 31, 1983

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

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Allan G. Andrews, C.A., *Metropolitan Auditor*

June 8, 1984

**The Chairman and Members of the
Board of Governors of Exhibition Place**

In this report, I comment on the consolidated 1983 operations of Exhibition Place, including operations of Exhibition Stadium. Royal Assent was given on February 23, 1983 to legislation providing for the establishment of a Board of Governors to control all of the activities carried out at Exhibition Place, on behalf of the Municipality of Metropolitan Toronto, the owner of the entire complex. These activities included the operation of Exhibition Stadium, previously under the control of the Exhibition Stadium Corporation. Under agreements between the Board of Governors and the Municipality, effective on July 8, 1983 the Exhibition Stadium Corporation ceased to exist and all of the assets of that Corporation were transferred to the Board. The Board also entered into an agreement with the Canadian National Exhibition Association under which the Association continued its management of the remainder of Exhibition Place operations for the balance of 1983.

Financial statements reflecting each of the three major operating divisions of Exhibition Place have already been issued and I have expressed an audit opinion on each. The 1983 financial statements of the non Stadium operations, consisting of the Canadian National Exhibition and Exhibition Place non-fair operations were approved at the annual meting of the Association held on March 8, 1984. The financial statements in respect of the 1983 operations of the Stadium were approved by the Board of Governors on May 10, 1984. These statements are included in this report as Appendix A and B respectively.

While the governing bodies and related agreements changed in 1983 the operations of Exhibition Place continued throughout without disruption or major change. Accordingly, financial statements of the consolidated operations for the whole of 1983 have been prepared as if change in control had occurred at the beginning of the year since this is the most informative method of reporting. These financial statements, together with my audit opinion are included at the end of this report.

In this report I comment for the benefit of the Board, on the consolidated 1983 operations in some greater detail than disclosed in the financial statements. Because of the public ownership of Exhibition Place this report also provides Metropolitan Council with an independent commentary on the operations.

Overall Cost of Exhibition Place

Under the terms of agreements with the Metropolitan Corporation, the net surplus or operations is payable to the Corporation. Major capital expenditures are paid for or financed directly by the Metropolitan Corporation. These payments and/or the related debt servicing costs are borne by the Municipality and are not reflected in the accounts of the Association.

The total net cost to the Metropolitan Corporation of Exhibition Place over the last 5 years is shown below:

	1983	1982	1981	1980	1979
Non Stadium Operations					
Net Surplus/(Deficit)					
C.N.E.	$1,311,617	$1,043,317	$ (1,343,335)	$ (41,104)	$ 916,545
Exhibition Place	94,864	260,203	(482,885)	787,132	398,260
	1,406,481	1,303,520	(1,826,420)	746,028	1,314,805
Debt charges	1,863,465	2,002,665	2,008,557	1,947,087	1,590,692
Capital expenses out of current revenue	838,737	1,016,100			1,346,400
Net Cost	1,295,721	1,715,245	3,834,977	1,201,059	1,622,287
Exhibition Stadium					
Net Surplus	890,599	257,722	6,145	341,114	555,577
User fee charges	584,368	463,478	311,385	486,134	498,403
	1,474,967	721,200	317,530	827,248	1,053,980
Debt charges	1,260,678	1,188,520	1,176,184	1,389,454	2,014,400
Net Cost (Revenue)	(214,289)	467,320	858,654	562,206	960,420
Total Net Cost	$1,081,432	$2,182,565	$ 4,693,631	$1,763,265	$2,582,707

In 1974, the expansion of Exhibition Stadium was approved by the Metropolitan Council at a cost of $17,805,000, to be financed by a loan from the Province of Ontario and by the issuance of debentures. By agreement with the Province, the loan is interest free, repayable out of net income. Loan repayments are made when net income for the Stadium operations in any year exceeds net income of the 1975 base year and amount to 50% of the excess. The balance of the loan as at December 31, 1983 was $8,104,102.

CANADIAN NATIONAL EXHIBITION

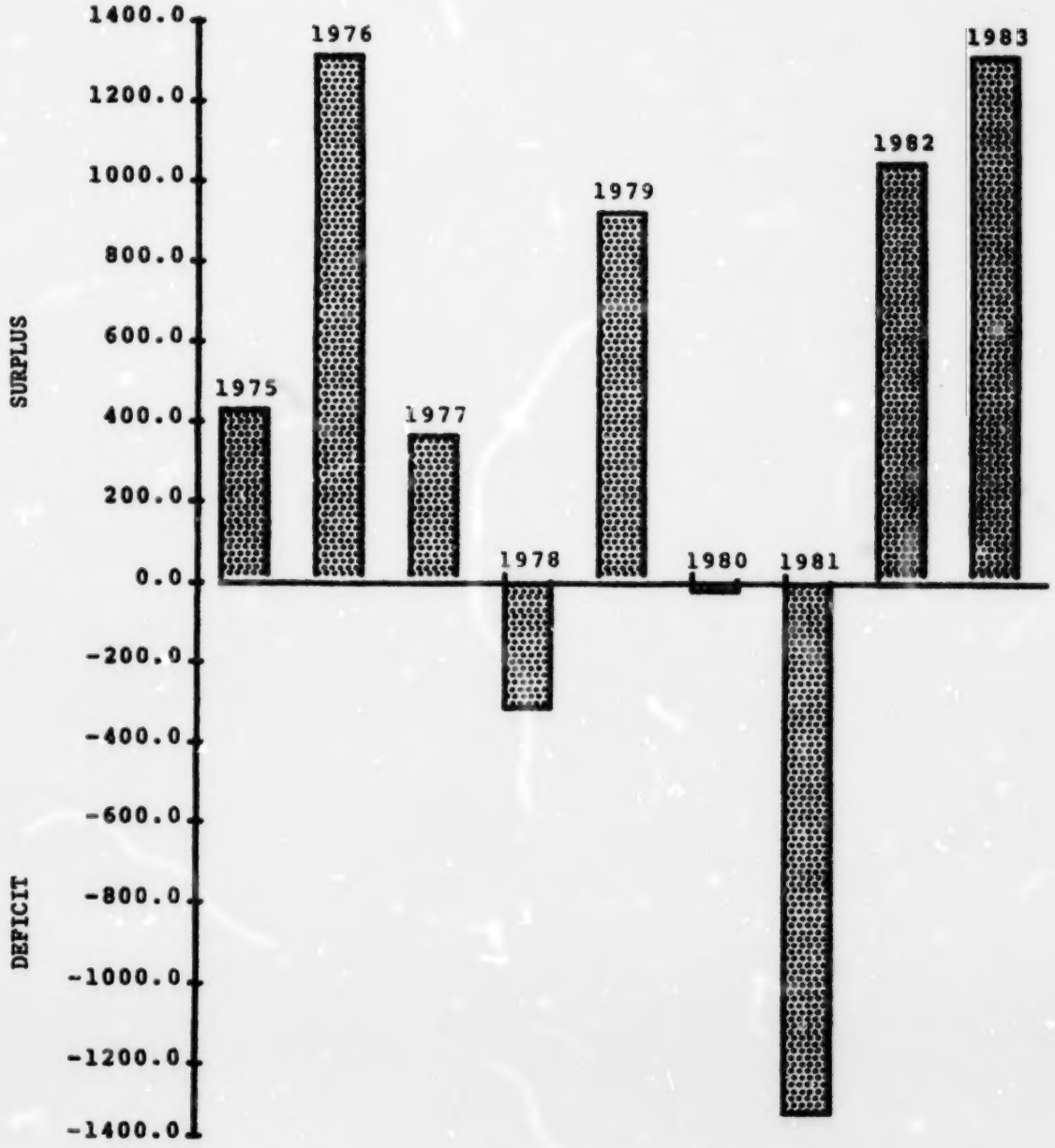
The 1983 Exhibition generated a surplus of $1,312,000, an increase of $268,000 over 1982. This result reflects substantial changes in both revenue and expenditure levels which both increased by approximately one third.

Increases in revenue in almost all types of activity were experienced, in particular in grandstand revenue which rose by 92% to $5,663,000. Grandstand expenditures correspondingly increased, in fact almost doubling, and the total grandstand operation generated an increase in contribution to surplus of $236,000.

The level of fair activity was also increased by the attraction of sponsorship revenue of $1,640,000 compared to $410,000 in 1982. Admission revenue was marginally greater in 1983 than in 1982, due largely to an increase in adult admission prices from $3.50 to $4.00.

Total attendance increased by almost 14% compared to the previous years. This increase was primarily composed of patrons who were attending grandstand on sporting events and consequently did not pay separate admission fees and patrons admitted at a reduced price under a promotional program. The total numbers of these paying full admission at the gate in fact declined by almost 18%.

CANADIAN NATIONAL EXHIBITION
OPERATING SURPLUS (DEFICIT)
1975 - 1983



The diagram on the previous page shows operating results over the past 9 years. The results are such that it is difficult to determine any trend line. The method of allocating fixed overhead and indirect costs between the fair and non-fair periods used prior to 1982 tended to deflate earnings of the fair, with a complementary increase in the reported earnings of the non-fair period.

COMMENTS ON ANNUAL EXHIBITION OPERATIONS

REVENUE

Ground Admission

Admission revenue consists of the following:

	1983	1982
Total entrance gates revenue	$4,185,866	$4,067,415
Ontario Place share	(409,656)	(397,078)
	3,776,210	3,670,337
Exhibitors' ticket	151,114	140,477
Car and truck stickers	105,300	97,200
	$4,032,624	$3,908,014

A number of events, such as sporting events and grandstand shows presell tickets which include the right to admission to the grounds, although no specific allocation of admission revenue is made. In addition seniors are admitted free and children are admitted free on children's day. Accordingly there is usually a disparity between the total attendance and the total paid attendance.

Concessions and Midway Revenue

Concessions and midway revenue is made up as follows:

	1983	1982
Outdoor concessions	$2,591,244	$2,169,923
Outside parking	367,212	315,001
Midway shows and rides - net	1,322,122	1,096,428
Licensing	70,436	1,225
	$4,351,014	$3,582,577

Outdoor concession revenue, including revenue from concessions operated by Conklins, increased by $421,000. In 1982, approximately 30% of the outdoor concessionaires were placed, on a trial basis, on a rental based on the greater of a guaranteed minimum or a percentage of sales. Concessionaires were required to report sales daily and remit any rent owing in excess of the guaranteed minimum. While it is difficult to verify the absolute accuracy of the sales reported, this method did in fact generate more revenue than would have been received had rental been charged on a flat fee basis. Accordingly this program was extended in 1983 to include the majority of outdoor concessionaires, including Conklins, resulting in the 19.4% increase in rental revenue.

Revenue from midway shows and rides increased in 1983 by $226,000 or 20.6%. The increase is due mainly to an increase of 9.3% in the average ticket price and an increase of 7.2% in the number of rides taken.

Since 1979, the total number of rides operated by Conklins has decreased to be replaced by games and concessions. In 1982, the contract was renegotiated to charge rent on a percentage of gross sales rather than on a square footage basis. The number of rides, games and concessions, for the last 5 years is shown below:

	1983	1982	1981	1980	1979
Rides					
- adult	36	35	36	46	43
- children	26	22	16	23	34
Games and concessions	124	118	109	99	55

In 1983, all C.N.E. Logo license contracts expired and all deposits on hand were taken into revenue.

Grandstand Shows

Total grandstand attendance substantially increased in 1983 to a level of almost 279,000 compared to 240,800 in 1982. Ticket prices were scaled with a top price of $14 - $22.50 compared to $13 - $16 in 1982.

Attendance at the individual shows varied substantially, from a high of 50,000 to a low of 8,000. Average paid attendance at the 11 shows (excluding Variety Club Bingo) held in 1983 was 24,500 compared to 17,200 for the 14 shows held in 1982.

With the exception of Variety Club Bingo, the production of the grandstand shows in both years was contracted to an agent for the greater of a minimum guarantee or a specified percentage of the gross receipts.

The results can be summarized as follows:

	1983	1982	Net Change
Revenue	$5,663,560	$2,952,086	$2,711,474
Expenses	4,974,743	2,499,657	2,475,086
Profit	$ 688,817	$ 452,429	$ 236,388

Exhibit Space

Details of this amount are as follows:

	1983	1982
Exhibitor's buildings and miscellaneous	$1,411,090	$1,290,192
Agriculture - space sales	74,346	104,086
Better Living Centre - space sales	591,250	546,810
Centennial Square - space sales	89,950	106,680
	$2,166,636	$2,047,768

Rental rates were increased in all buildings in 1983 by an average of 5%. In 1983, one booth in Centennial Square was rented to a non-profit organization at no charge.

Other Revenue

This is made up as follows:

	1983	1982
Interest earned	$ 199,665	$190,956
Cooperative advertising	50,800	
Executive squadron boxes	25,600	
Sponsorship	1,026,122	410,007
Sale of catalogues and lottery	65,019	79,293
Agriculture	262,442	208,007
Sundry	209,102	66,001
	$1,838,750	$954,264

The most significant source of other revenue is from the sponsorship program, which was considerably expanded in 1983 and attracted some 18 corporations who provided cash, products, advertising or entertainment support to the fair activities. The C.N.E., in turn, provided consideration in diverse ways including specific rights to selected operations or attractions, advertising recognition and discounted admission prices. As indicated in Note 6 to the financial statements only the portion of sponsorship revenue received in cash has been recorded in the accounts. Sponsorship revenue in respect of discounted admission prices is recorded under admissions.

Included in sundry revenue is an amount of $50,000 for equipment rental and $74,000 for U.S. exchange earned.

EXPENDITURES

Ground Admission

Ground admission expense consists of the following:

	1983	1982
Preparation, maintenance and dismantling	$ 37,191	$ 31,283
Salaries - temporary staff	285,726	248,041
Contract personnel	14,544	18,465
Ticket takers	219,736	148,173
Parking expenses	281,401	239,368
Other expenses	37,123	33,209
	$ 875,721	$ 718,539

Grandstand

Grandstand expenses consist of the following:

	1983	1982
Direct costs of grandstand shows:		
Payment to promoters	$4,091,525	$1,988,585
Stadium rentals	59,752	55,172
Technical services and other costs	687,701	340,808
	4,848,978	2,384,565
Preparation and indirect production costs	105,765	92,386
General box office costs	20,000	22,706
	125,765	115,092
	$4,974,743	$2,499,657

I have commented on page 8 on the results of the grandstand shows in 1983. The increase in technical services is due mainly to additional costs for the construction of a stage for two major shows in 1983 which played for two nights each. Other costs include $188,000 for Variety Club Bingo expenses the recovery of which is included in Grandstand Revenue.

Exhibit Space

This expenditure is made up as follows:

	1983	1982
West end buildings	$ 177,311	$ 206,486
Better Living Centre	76,593	61,708
West Annex	242,608	49,292
East Annex	25,789	18,832
Exhibitor's building	444,720	485,215
Domes	2,734	43,298
Market Research	83,595	-
Centennial Square	12,175	71,708
Video Arcade		10,369
Other expenses	110,818	77,853
	$1,176,343	$1,024,761

Costs associated with exhibit space consist mainly of preparation, maintenance and dismantling of the various booths, cleaning and security. Other expenses include an allocation of $91,192 (1982 - $59,543) of the expenses of the marketing department.

In 1983, management introduced a program to make the upper level of the West Annex a more marketable area and as such, introduced the "Treasure Cove" promotion. A breakdown of West Annex costs is as follows:

Salaries and fringe benefits	$ 11,223
Professional and technical services	56,792
Contracted services - building and electrical	37,805
Advertising and promotion	26,709
Rental of equipment	15,000
Protective services	9,320
Equipment purchase	62,194
Other costs	23,565
	$ 242,608

Agriculture Events

This expense consists of the following:

	1983	1982
Salaries and general expenses	$ 231,617	$ 210,028
Junior farmers and 4-H Club	31,769	29,435
Dairy products and Princess	20,630	18,224
Cat show	8,006	8,072
Agriculture industries	7,832	10,390
Livestock	185,502	216,608
Agriculture displays	92,665	92,031
Wood carving	53,237	51,102
Horse show	248,735	261,773
Other events	50,716	37,314
Produce	61,942	
	$ 992,651	$ 934,977

Sports and Aquatic Events

This amount is made up as follows:

	1983	1982
Salaries and general expenses	$ 25,664	$ 46,670
Lumberjack jamboree	77,143	72,934
Baseball - softball	22,643	12,230
Sports demonstration area	6,297	4,013
Dog swim	2,791	2,863
Table tennis	12,748	8,882
Aquarama	159,862	107,732
Martial arts	8,868	6,956
Sports day	10,781	7,598
Mayor's bathtub race	2,270	1,555
Tennis	2,727	13,880
Sports Canada	15,666	13,091
Trampoline	7,500	7,276
Other sports	27,279	2,736
Auto Thrill Show	181,820	
	$ 564,059	$ 308,416

The increase in Aquarama costs is due mainly to the purchase of a marquee tent and an engine for the hospitality boat. There were also some repairs to the take-off and landing ramps.

The Auto Thrill Show was held for the first time in 1983 and was part of a sponsored event.

General Attractions

The breakdown of expenditures on general attractions is as follows:

	1983	1982
Air show	$ 302,406	$ 295,953
Queen Elizabeth Theatre	162,634	89,328
Better Living Centre - entertainment	26,584	40,009
Better Living Centre - shows	31,044	45,585
Bandshell	198,018	206,795
Centennial Square	75,760	74,655
Carlsberg building	92,196	75,442
Other entertainment	284,098	303,451
Competitions	15,842	16,010
Salaries	187,253	164,790
Other expenses	16,750	12,765
Art display	46,368	
Museum of Rock Art	38,535	
Auto Trains and Alpine way	93,413	
Executive Squadron	55,536	
	$1,626,437	$1,324,783

In 1983, several new attractions such as a major show in the Queen Elizabeth Theatre, Art Display and Museum of Rock Art were introduced with the financial assistance of the sponsorship program. As part of a sponsorship agreement, patrons to the fair were allowed to ride the auto trains throughout the grounds free of charge. The exhibition leased the trains for the sponsor and also refurbished the gondolas on the Alpine way. To assist in attracting major sponsors in 1983 executive squadron boxes were built at a cost of $55,536 and provided to sponsors for their use to review the air show.

General Services

This item represents the portion of the operating costs of the General Services Department attributed to the annual exhibition. This department provides maintenance services such as cleaning, painting, plumbing, electrical, grounds keeping, etc.

Analysis of cost together with recoveries from concessionaires is set out below:

	1983	1982
Costs		
Services, maintenance and other costs	$1,944,317	$1,953,518
Electrical energy	716,362	575,808
	2,660,679	2,529,326
Recovery		
Electrical energy	128,072	200,186
Net Cost	$2,432,607	$2,329,149

Publicity

The breakdown of expenditure is as follows:

	1983	1982
Radio promotions	$ 25,437	$ 39,347
Posters and display cards	1,956	6,578
Official photographs	25,521	20,117
Parades		27,459
Media advertising	637,278	733,132
Previews	15,357	19,142
Badges and medals		9,024
Television news coverage	3,574	2,982
Other expenses	20,140	17,864
salaries	76,953	31,279
Contract personnel	24,390	
	$ 830,606	$ 906,924

In 1982, advertising expenditures were substantially reduced particularly for media advertising. This policy was continued in 1983 although additional advertising coverage was obtained through the co-operative advertising program with corporate sponsors.

Special Expenditures

Special expenditures are miscellaneous expenditures, some technically of a capital nature, which are made on a variety of projects throughout the grounds. They are termed special since they are usually of a one time nature. However, such types of expenditure recur from year to year and consequently must be considered a normal operating expenditure.

A list of special expenditures for both the exhibition and non-exhibition operation follows:

Audio visual equipment	$ 29,710
Bandshell renovations	287,335
Building renovations	135,143
Catering improvements	113,375
Communications system	32,985
Furniture	14,175
Fork lifts	73,597
Janitorial equipment	14,104
Manlift	63,077
Other equipment	70,686
Other repairs	51,977
Panic bar hardware	108,382
Presidential suite renovations	63,685
Protective equipment	14,271
Sani-van	59,473
Security and I.D. system	66,599
Snow handling equipment	91,853
T.T.C. gate kiosks	99,729
Tables, chairs barriers and other equipment	93,670
Utilities metering	45,482
Vehicles	128,494
Miscellaneous equipment under 10,000	232,088
	$1,889,890

Special expenditure costs for 1983 and 1982 have been allocated as follows:

	1983	1982
Annual C.N.E. operations	$1,020,541	$516,944
Exhibition Place operations	869,349	438,630
	$1,889,890	$955,574

Administration

Total administration costs for Exbibition Place excluding the stadium is set out following:

	1983	1982
General Manager department	$ 363,733	$ 348,617
Corporate Secretary's department	269,711	209,272
Archives	48,672	35,413
Administration and Finance	967,110	684,915
Purchasing	111,959	85,030
Personnel	114,358	98,111
Accounting	541,715	485,311
Mail room	157,082	120,793
Telephone	203,151	137,368
Visitor services	208,439	240,508
Stores	55,070	47,659
Board of Governors	11,518	
	$3,052,518	$2,493,450

This amount has been allocated as follows:

Annual C.N.E. operation	$1,976,251	$1,643,996
Exhibition Place operations	1,076,273	849,454
	$3,052,518	$2,493,450

The increase in administrative financial costs of approximately $282,000 is due primarily to increases in hospital and group insurance of $64,000, and workers compenstation payments of $54,000. In addition, in 1983 due to the terms of the legislation creating the Board of Governors of Exhibition Place realty taxes in the amount of $298,000 were assessed, of which $188,000 has been allocated to Exhibition Stadium. These taxes have been paid, and attempts are being made to recover some of these taxes from tenants. Management is also pursuing an appeal process in an attempt to reacquire the realty tax exempt status of Exhibition Place.

EXHIBITION PLACE OPERATION

In spite of almost a $2,000,000 increase in revenue in 1983 the operations for the non-exhibition period resulted in a decline in surplus from $260,203 in 1982 to $94,864 in 1983. Apart from costs related to volume, the decline appears to be due primarily to a new $350,000 preventative maintenance program and an increase in the level of special expenditures of $430,000.

I comment further on significant operating items.

Revenue

Building rentals revenue consists of:

	1983	1982
Rental of Buildings	$2,239,145	$1,490,621
Storage rentals	88,874	92,807
Catering	348,262	340,705
	$2,676,281	$1,924,133

There was a general increase in rental rates in 1983. The increases varied for each building and were intended to approach a "market" rate. In addition, the Arts and Crafts and Hobbies building became available for rental in 1983 for the first time.

Parking - $2,844,960 (1982 - $2,404,853)

There was no increase in parking rates in 1983. The increase in parking revenue is due mainly to increased attendance at the major sporting events.

Summer Midway and Bandshell

In 1982, the summer midway operated for a period of 4 weeks with revenue being shared with the operation based on a percentage of gross receipts. A similar agreement was in effect for 1983. Revenues for 1983 were $112,389 compared to $114,369 in 1982.

The Bandshell was renovated in 1983 to accommodate a series of concerts covering the period May to October, excluding the Exhibition period.

The cost of renovations were as follows:

Paid by Metropolitan Corporation under capital program	$ 209,389
Expenditures charged to operations	287,335
Total renovation costs	$ 496,724

The direct operating revenues and expenses of the Bandshell program were:

Net revenue	$ 150,192
Net expenses	142,925
Net surplus	$ 7,267

General Services - $2,592,896 (1982 - $1,936,931)

General services revenue consists of recoveries from lessees for services such as energy costs and equipment rentals. The level of recovery is dependent upon the levels of cost incurred and does not necessarily reflect increased revenue. An analysis of costs and recoveries is set out on page 19.

Expenditures

Building Rentals

The breakdown of costs is as follows:

	1983	1982
West End buildings	$ 77,414	$ 66,062
East End buildings	549,948	594,516
Premises insurance	109,200	105,000
Other costs	113,997	91,668
Summer Bandshell	142,925	
	$ 993,484	$ 857,246

These are the costs of maintenance and other non-recoverable expenses for rental buildings and consist mainly of labour and cleaning costs. Other costs include the allocation of portion of the Marketing Department expenses allocated to the non-exhibition period, and summer midway expenses.

General Services

General Services costs include the cost of grounds and building maintenance, electrical energy and the cost of other services supplied to lessees.

Analysis of costs together with recoveries from lessees is set out below:

	1983	1982
COSTS		
Services, maintenance and other costs	$3,619,682	$2,404,969
Electrical energy	1,045,829	979,209
	4,665,511	3,384,178
RECOVERIES		
Cleaning	299,637	195,057
Services and equipment rentals	1,583,716	1,202,378
Electrical energy	431,737	410,453
Miscellaneous	277,806	129,049
	2,592,896	1,936,931
Net costs	$2,072,615	$1,447,247

A new preventative maintenance program costing $350,000, rise in cost of preparing, maintaining and dismantling shows of 200,000 and increased net energy cost of 45,000 account for the net increase in general service costs.

ESTIMATES

I perform no audit of the budgeting process. For information, however, a comparison of 1983 actual experience compared to estimates submitted to Metropolitan Council is set out as follows. This format is difficult to relate to the financial statements as it does not break down operations between the annual Exhibition and Exhibition Place operations.

	1983 ACTUAL	1983 ESTIMATES	VARIANCE $	VARIANCE %
ADMINISTRATION DIVISION				
General Manager's Department	$ 363,733	$ 410,993	(47,260)	(11.5)
Corporate Secretary*	281,229	361,864	(80,635)	(22.3)
Archives	48,672	48,768	(96)	-
Finance & Administration	1,076,310	971,301	105,009	10.8
Purchasing	111,959	119,488	(7,529)	(6.3)
Stores	55,070	61,598	(6,528)	(10.6)
Personnel	114,358	113,769	589	(.5)
Parking and Traffic	958,645	894,062	64,583	(7.2)
Accounting	541,715	472,440	69,275	14.7
Mail room	157,082	157,653	(571)	-
Telephone	203,151	153,996	49,155	31.9
Admissions	594,320	509,028	85,292	16.8
Midway	171,009	175,600	(4,591)	2.6
	$4,677,253	$4,450,560	$ 226,693	5.1

*Includes Board of Governor's expense ($11,518).

	1983 ACTUAL	1983 ESTIMATES	VARIANCE $	VARIANCE %
MARKETING DIVISION				
Assistant General Manager	$ 151,987	$ 150,628	1,359	.01
Sales	111,774	134,999	(23,225)	(17.2)
East end administration	199,764	192,931	6,833	3.5
Agriculture	792,887	831,400	(38,513)	(4.6)
East end buildings - C.N.E.	294,902	98,600	196,302	199.1
East end buildings - Non-C.N.E.	986,375	729,000	257,375	26.1
Attractions administration	239,932	267,903	(27,971)	(10.6)
Entertainment	621,519	717,019	(95,500)	(13.3)
Attractions	633,239	465,430	167,809	36.1
Sports	546,059	718,175	(154,116)	(21.5)
Market research	83,595	91,966	(8,371)	(9.1)
West end buildings - C.N.E.	592,146	745,400	(153,254)	(20.6)
West end buildings - Non-C.N.E.	77,414	100,000	(22,586)	(22.6)
Advertising and Publicity	830,606	1,118,583	(287,977)	(25.7)
Visitor services	208,439	161,715	46,724	28.9
Air show	302,406	315,000	(12,594)	(4.0)
	$6,691,044	$6,838,749	(147,705)	(2.2)

	1983 ACTUAL	1983 ESTIMATES	VARIANCE $	VARIANCE %
GENERAL SERVICES DIVISION				
Assistant General Manager	$ 235,976	$ 244,376	(8,400)	(3.4)
Physical plant	1,135,525	1,019,094	116,431	11.4
Electrical and mechanical maintenance	1,056,870	996,941	59,929	6.0
Loss prevention and communication	291,682	270,579	21,103	7.8
Engineering	60,662	109,595	(48,933)	(4.5)
Cleaning	373,445	846,015	(472,570)	(55.6)
Show services	1,366,695	992,211	374,484	37.7
Fair period	2,202,605	2,010,931	191,674	9.5
Utilities	1,762,191	1,737,160	25,031	-
Miscellaneous	147,884	109,140	38,744	35.5
Special appropriations	1,889,890	1,686,200	203,690	12.1
Recoveries	(1,715,570)	(2,118,030)	402,460	19.0
	8,807,855	7,904,212	903,643	11.4
Total expenditures	20,176,152	19,193,521	982,631	5.1
REVENUE				
Administration	9,702,598	8,852,597	(850,001)	(9.6)
Sales	1,094,835	1,111,611	16,776	1.5
Agriculture	756,299	672,000	(84,299)	(12.5)
Entertainment	95,033	81,500	(13,533)	(16.6)
Attractions	2,853,824	2,750,000	(103,824)	(3.8)
West end - Non-C.N.E.	330,768	215,470	(115,298)	(53.5)
East end - Non-C.N.E.	2,256,640	1,939,230	(317,410)	(16.4)
Catalogues and lottery	65,019	55,000	(10,019)	(18.2)
West end buildings	1,617,776	1,620,074	2,298	-
General services	2,809,841	2,194,179	(618,662)	(28.2)
	21,582,633	19,491,661	(2,090,972)	10.7
Net Surplus on operations	$ 1,406,481	$ 298,140	(1,108,341)	37.17

EXHIBITION STADIUM

Exhibition Stadium generated net income for the year of $890,599, up sharply from the 1982 figure of $257,722. Exclusive of user fees, total revenues increased by $1,137,756. Expenditures increased by $504,879 over the 1982 level.

I set out following some comments on major operating items.

Rental Revenue and User Fees

Revenue of the Stadium is derived principally from sharing in the revenue received by tenants and concessionaires. In addition, the user fee of 25 cents per ticket is levied on all tickets sold at a price greater than $2.00. The proceeds of these user fees are remitted to the Municipality of Metropolitan Toronto, where they are deposited in a reserve fund to be used for the payment of debt charges related to the rehabilitation of the North Grandstand and to pay for future capital improvements.

In 1983, average attendance at the sporting events continued to increase to a level of 23,173, compared to 16,360 in 1982 and 14,378 in 1982. The majority of this increase is mainly attributable to baseball. There was a slight decline in football attendance since the 1983 Grey Cup game was not held in Toronto.

Average attendance at the grandstand shows held during the C.N.E. increased in 1983 by approximately 43%. There were two rock concerts held during the non-fair period in both years but the attendance was significantly lower in 1983.

The following table shows the revenues for 1983 events for rentals and user fees, together with comparative total revenue for 1982.

	1983			1982
	Rentals	User Fees	Total	Total
Football	$ 513,363	$ 80,740	$ 594,103	$ 669,362
Baseball	575,577	363,422	938,999	609,047
Soccer	151,107	33,030	184,137	185,635
Concerts	152,661	16,156	168,817	255,779
C.N.E. Shows		69,752	69,752	55,172
Amateur and Misc. Events	132,959	21,268	154,227	62,577
Box Rentals	374,725		374,725	349,520
	$1,900,392	$ 584,368	$2,484,760	$2,187,092

Total paid attendance at events for the past four years was as follows:

	1983	1982	1981	1980
Sporting Events				
Football	400,000	446,000	320,000	399,000
Baseball	1,930,000	1,276,000	755,000	1,400,000
Soccer	219,000	143,000	104,000	200,000
All sporting events	2,549,000	1,865,000	1,179,000	1,999,000
Other Events				
Concerts	65,000	99,000		70,000
C.N.E. shows	295,000	221,000	241,000	225,000
Amateur shows and miscellaneous events	59,000	41,000	29,000	15,000
Total attendance	2,968,000	2,226,000	1,449,000	2,309,000

The average attendance at these same events was as follows:

	1983	1982	1981	1980
Sporting events				
Football	36,329	37,166	32,200	36,273
Baseball	24,435	15,753	13,727	17,721
Soccer	10,947	6,810	6,118	11,111
All sporting events	23,173	16,360	14,378	18,509
Other events	13,093	12,488	7,941	9,394
Total attendance	20,901	15,566	12,491	16,375
Number of events	142	143	116	141

CONCESSION REVENUE

The Stadium's share of concession revenue was in respect of the following events:

	1983	1982
Football	$ 190,756	$193,670
Baseball	628,839	244,796
Soccer	83,213	63,991
Concerts	44,839	53,458
C.N.E. Shows	23,484	21,455
Amateur and Other Events	38,228	33,741
	$1,009,359	$611,111

During the period of the Canadian National Exhibition, all revenues from events produced in the stadium are allocated to the Exhibition, except for user fees and earnings on concession revenue generated during those events. The restaurants in the North Grandstand building, however, are accessible only from outside the Stadium and are operated by different concessionaires than the internal food concession. The Stadium receives a share of their revenue throughout the year.

During 1982, the sale of beer in the Stadium was authorized during football, baseball and soccer events. During 1983, the sale of beer for the full season, along with higher attendance at all events, resulted in a substantial increase in concession revenue.

SCOREBOARD RENTAL $175,919 (1982 - $125,029)

Under an agreement with a third party, the Stadium sold the advertising rights of the scoreboard facilities in 1980, such agreement to run for twelve years. Under this agreement, the Stadium began sharing in advertising revenues in 1982.

EQUIPMENT RENTALS $55,000 (1982 - $47,000)

The Stadium rents protective field coverings to tenants. These coverings are used primarily for concerts, including events produced during the Canadian National Exhibition.

CANADA - ONTARIO EMPLOYMENT DEVELOPMENT GRANT - $195,700

As a result of the Canada - Ontario Employment Development Grant, the seats in the South Grandstand were scraped and repainted.

EXPENSES RECOVERED - $1,311,177 (1982 - $977,594)

The Stadium is responsible for certain "day of event" costs. These include costs of operating staff which are hired on an "as needed" basis, cleaning for all events, and all security, including ushers, ticket takers, etc., for all events except baseball. Certain of the costs are recoverable from tenants. The increase in expenses recovered in 1983 is offset by an increase in related expenditures.

EXPENDITURES

The two major categories of operating expenditures are for materials, supplies and utility costs and for services, rentals and other expenses. Materials, supplies and utility costs are made up as follows:

	1983	1982
Electrical energy and other utility costs	$410,287	$440,910
Office, caretaking and other supplies	193,153	137,145
	$603,440	$578,055

In 1983, there were fewer baseball games played at night with a consequent reduction in electrical costs. Charges for 1982 also included a Grey Cup game and one extra international soccer game. In 1983, one restaurant concessionaire remained closed during the soccer games.

Services, rentals and other expenses are made up as follows:

	1983	1982
Labour re preparation and dismantling for events, stadium maintenance, box office and scoreboard, etc., incurred on an "as required" basis	$1,765,458	$1,299,234
Repairs, maintenance and construction	548,602	704,639
Security guards, ushers, etc.	16,672	18,563
Insurance	47,440	45,620
Other expenses	259,503	214,989
Realty taxes	188,110	
	$2,825,785	$2,283,045

Labour costs consist of the following:

	1983	1982
Salaries:		
Preparation and dismantling for events	$ 451,504	$ 242,252
Janitorial	590,881	513,750
Scoreboard	93,400	84,403
Security, including paid duty police	301,345	307,543
Other	158,641	62,897
	1,595,771	1,210,845
Fringe benefits	169,687	88,389
	$1,765,458	$1,299,234

Included in preparation and dismantling costs is an amount of $178,000 related to the C.O.E.D. program for the scraping and painting of the grandstand seats. The sale of alcoholic beverages in 1983 also resulted in extra cleaning costs. These cost increases were offset by an increase in the expenses recovered from tenants.

The cost of services provided for security and for ushering and ticket taking for all events except soccer games are recoverable from the tenants. Security, ticket taking and ushering are not provided by the stadium for baseball events.

Repairs and maintenance costs were reduced in 1983 by $123,000. In 1982, costs incurred for repairs to the astro-turf on the field's playing surface and warning track amounted to approximately $323,000 and an amount of $124,000 was spent in 1983.

In 1983, realty taxes were assessed on the whole of Exhibition Place. The amount shown on the previous page represents the Stadium's share of such taxes. I comment further on page 16.

COMPARISON WITH BUDGET

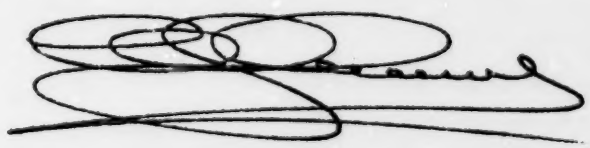
Actual operations resulted in $470,000 more net revenue than anticipated in the 1983 estimates submitted to Metropolitan Council.

	Budget	Actual
Net income	$ 566,000	$ 891,000
User fee charges	439,000	584,000
	$1,005,000	$1,475,000

The increase is due mainly to the larger number of patrons to the Stadium events, as reflected in the higher user fee charges.

Insurance Coverage

A fidelity bond with the Royal Insurance Company was carried to provide a blanket policy covering all permanent and temporary employees for $1,000,000 each at December 31. The Board is insured against fire and extended perils on Board buildings, fixtures, supplies and portable equipment to a maximum of $100,000,000 for any one occurrence, $50,000,000 any one premise and boiler and pressure vessel damage to a maximum of $10,000,000.



METROPOLITAN AUDITOR

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1
Telephone: (416) 947-8030

Allan G. Andrews, C.A., *Metropolitan Auditor*

March 15, 1984

AUDITOR'S REPORT

**To the Board of Governors
of Exhibition Place**

I have examined the balance sheet of the Board of Governors of Exhibition Place as at December 31, 1983 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Board of Governors of Exhibition Place as at December 31, 1983 and the results of its operations for the year then ended in accordance with the generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

BOARD OF GOVERNORS OF EXHIBITION PLACE
(Incorporated by a Special Act of the Province of Ontario)

BALANCE SHEET

DECEMBER 31, 1983
(with comparative figures for 1982)

	1983	1982
ASSETS		
Cash	$ 414,562	$ 185,278
Term deposits	2,700,000	1,950,000
Accounts receivable		
Trade	1,262,440	1,122,450
Municipality of Metropolitan Toronto	64,730	439,451
Investments at cost held for Prize Guarantee Fund (market value 1982 - $136,734)		150,684
Materials and supplies at lower of cost and replacement cost	169,406	149,421
Prepaid expenses	40,622	16,760
Note receivable		5,400
	$4,651,760	$4,019,444

(see accompanying notes)

BOARD OF GOVERNORS OF EXHIBITION PLACE
(Incorporated by a Special Act of the Province of Ontario)

BALANCE SHEET

DECEMBER 31, 1983
(with comparative figures for 1982)

	1983	1982
LIABILITIES		
LIABILITIES		
Accounts payable and accrued liabilities		
Trade	$2,239,664	$1,803,753
Tree replacement (note 2)	34,527	34,527
Deferred revenue	80,489	376,714
	2,354,680	2,214,994
OPERATING RESERVES (note 3)		
Worker's compensation		15,000
Prize guarantee fund		150,000
Inventory of materials and supplies		58,937
Repairs of surface, curbing and drainage of British Columbia Road		14,741
		238,678
PAYABLE TO THE MUNICIPALITY OF METROPOLITAN TORONTO		
User fees		4,530
Net income for year	2,297,080	1,561,242
	2,297,080	1,565,772
	$4,651,760	$4,019,444

(see accompanying notes)

BOARD OF GOVERNORS OF EXHIBITION PLACE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1983

(with comparative figures for 1982)

	1983	1982
REVENUE		
Annual Exhibition	$18,180,657	$13,644,895
Exhibition Place	7,858,881	6,380,286
Exhibition Stadium	4,802,282	3,992,779
	30,841,820	24,017,960
EXPENDITURE		
Annual Exhibition	16,869,040	12,601,578
Exhibition Place	7,739,017	6,120,083
Exhibition Stadium	3,352,315	3,271,579
	27,960,372	21,993,240
NET INCOME FROM OPERATIONS	2,881,448	2,024,720
User Fees paid or payable to the Municipality of Metropolitan Toronto	584,368	463,478
NET INCOME FOR YEAR	$ 2,297,080	$ 1,561,242

(see accompanying notes)

BOARD OF GOVERNORS OF EXHIBITION PLACE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1983

1. ACCOUNTING POLICIES

(a) Combined Financial Statements

The Province of Ontario enacted legislation during 1983 providing for the establishment of a Board of Governors to operate Exhibition Place, including Exhibition Stadium, on behalf of the Municipality of Metropolitan Toronto. The Board assumed overall management of Exhibition Place on July 8, 1983 and the operation of Exhibition Stadium became the responsibility of the Board. The Board also entered into an agreement whereby the Canadian National Exhibition Association continued management of Exhibition Place, excluding Exhibition Stadium, to December 31, 1983. These combined financial statements reflect the assets, liabilities and operations of Exhibition Place, including Exhibition Stadium as if the change in control had taken place on January 1, 1983.

The financial statements include statements of each of Exhibition Place, the Canadian National Exhibition and the Stadium operations, as Schedules 1, 2 and 3 respectively, unadjusted for inter-divisional transactions. The statement of operations reflects the combined operations, adjusted for inter-divisional transactions so as to reflect expenditures in the division for which they were expended.

(b) Fixed Assets and Depreciation

Major capital facilities are financed by and are the property of the Municipality of Metropolitan Toronto. Other capital expenditures on plant and equipment are charged by the Board to current operations in the year of purchase, in accord with municipal accounting practices. Accordingly, fixed assets are not valued on the books of Exhibition Place and depreciation is not charged in its accounts.

1. cont'd....

(c) Net Income for Year

Under the operating agreements between the Board of Governors of Exhibition Place and the Municipality of Metropolitan Toronto, net operating income is payable to the Municipality.

(d) User Fees

A user fee of 25¢ per ticket sold at a price greater than $2.00 is assessed on events produced in Exhibition Stadium. The amounts collected are paid to a reserve fund of the Municipality of Metropolitan Toronto to be used to defray the costs of future capital improvements.

2. LIABILITIES

The Board received $52,239 from the Province of Ontario in 1975, to be used solely for tree replacement. At December 31, 1983, $34,527 of this amount had not been expended.

3. OPERATING RESERVES

Operating reserves for Worker's Compensation, Prize Guarantee Fund, Inventory of materials and supplies and Repairs to surface, curbing and drainage to British Columbia Road were established in prior years.

The legislation referred to in Note 1 provides that these operating reserves be vested in the Metropolian Corporation and accordingly these reserves and the related assets have been assumed in 1983 by the Municipality. No changes occurred in these reserves in the current year prior to their assumption by the Metropolitan Corporation.

4. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the Sick Pay Credit Plan for employees of the Board, unused sick leave can accumulate and employees may become entitled to a cash payment on resignation, retirement or death. The contingent liability for these accumulated days, to the extent that they have vested and could be taken in cash by the employee on termination, amounted to approximately $200,000 at December 31, 1983 (1982 - $177,000). It is the policy of the Board to record the cost of such payments in the year in which the liability becomes payable, and accordingly no provision has been made towards such liability in the accounts.

5. CHANGES IN FINANCIAL POSITION

No statement of changes in financial position has been prepared as such a statement does not provide significant additional disclosure. The increase in net assets is the result of the following transactions:

Net income for 1982 and balance of user fees paid to the Municipality of Metropolitan Toronto	$1,565,772
Operating reserves assumed by the Municipality of Metropolitan Toronto (note 3)	238,678
	1,804,450
Net income for 1983	2,297,080
Increase in net assets	$ 492,630

6. SPONSORSHIP

Agreements were made with a number of corporate sponsors whereby these sponsors provided cash, products, advertising or entertainment support to the Annual Exhibition activities. In return the Exhibition provided consideration in a number of diverse ways including specific rights to selected operations or attractions, advertising recognition and discounted admission prices.

Only the portion of such revenue received in cash has been recorded in the accounts in an amount, including payment for discounted admissions and other attractions, totalling $1,640,000. Contributions of products and other services have not been reflected in the accounts.

7. COMPARATIVE FIGURES

Certain of the 1982 figures presented here for comparative purposes have been reclassified to conform with the current year's presentation.

Schedule 1

BOARD OF GOVERNORS OF EXHIBITION PLACE
STATEMENT OF EXHIBITION PLACE OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1983
(with comparative figures for 1982)

	1983	1982
REVENUE		
Building rentals	$2,676,282	$1,924,133
Parking	2,844,960	2,404,853
Summer midway and bandshell	262,581	114,369
General services	2,592,896	1,936,931
	8,376,719	6,380,286
EXPENDITURE		
Building rentals	993,484	857,246
Parking	677,244	590,575
General services	4,665,516	3,384,178
Special expenditures	869,349	438,630
Administration	1,076,262	849,454
	8,281,855	6,120,083
NET INCOME FROM OPERATIONS	$ 94,864	$ 260,203

(see accompanying notes)

Schedule 2

BOARD OF GOVERNORS OF EXHIBITION PLACE
STATEMENT OF ANNUAL C.N.E. OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1983
(with comparative figures for 1982)

	1983	1982
REVENUE		
Ground admission (Net of revenue paid to Ontario Place - (1983 - $409,656; 1982 - $397,078)	$ 4,032,624	$ 3,908,014
Concessions including midway	4,351,015	3,582,577
Grandstand	5,663,560	2,952,086
Exhibit space	2,166,636	2,047,768
General services	128,072	200,186
Other	1,838,750	954,264
	18,180,657	13,644,895
EXPENDITURE		
Ground admission	875,721	718,539
Concessions including midway	171,009	193,255
Grandstand	4,974,743	2,499,657
Exhibit space	1,176,343	1,024,761
Agriculture events	992,651	934,977
Sports and aquatic events	564,059	308,416
General attractions	1,626,437	1,324,783
General services	2,660,679	2,529,326
Publicity	830,606	906,924
Special expenditures	1,020,541	516,944
Administration	1,976,251	1,643,996
	16,869,040	12,601,578
NET INCOME FROM OPERATIONS	$ 1,311,617	$ 1,043,317

(see accompanying notes)

Schedule 3

BOARD OF GOVERNORS OF EXHIBITION PLACE
EXHIBITION STADIUM
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1983
(with comparative figures for 1982)

	1983	1982
REVENUE		
Stadium rentals	$1,900,392	$1,723,614
User fees	584,368	463,478
Concessions	1,009,359	611,111
Scoreboard rental	175,919	125,029
Equipment rentals	55,000	47,000
Canada/Ontario Employment Development Grant	195,700	
Sundry	19,510	24,953
Expenses recovered	1,311,177	997,594
	5,251,425	3,992,779
EXPENDITURE		
Administrative salaries and fringe benefits	242,501	234,648
Materials, supplies and utilities	603,440	578,055
Equipment	104,732	175,831
Services rentals and other expenses	2,825,785	2,283,045
	3,776,458	3,271,579
NET INCOME FROM OPERATIONS	1,474,967	721,200
USER FEES PAID OR PAYABLE TO THE MUNICIPALITY OF METROPOLITAN TORONTO	584,368	463,478
NET INCOME FOR YEAR	$ 890,599	$ 257,722

(see accompanying notes)

APPENDIX "A"

CANADIAN NATIONAL EXHIBITION ASSOCIATION
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1983

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1
Telephone: (416) 947-8030

Allan G. Andrews, C.A., *Metropolitan Auditor*

March 2, 1984

AUDITOR'S REPORT

To the Members of the
Canadian National Exhibition Association

I have examined the Balance Sheet of the Canadian National Exhibition Association as at December 31, 1983 and the Statement of Operations and Surplus, Annual C.N.E. Operations and Exhibition Place Operations for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Association as at December 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

CANADIAN NATIONAL EXHIBITION ASSOCIATION
(Incorporated by a Special Act of The Province of Ontario)

BALANCE SHEET

DECEMBER 31, 1983
(with comparative figures for 1982)

ASSETS

	1983	1982
CURRENT FUND		
Cash	$ 223,573	$ 144,879
Term deposits	2,200,000	1,400,000
Accounts receivable		
Trade	817,874	896,600
Municipality of Metropolitan Toronto		439,451
Exhibition Stadium	119,389	121,020
Investments at cost held for Prize Guarantee Fund (market value 1982 - $136,734)		150,684
Materials and supplies at lower of cost and replacement cost	169,406	149,421
Prepaid expenses	40,622	16,760
	3,570,864	3,318,815
CAPITAL FUND		
Plant and equipment		
Balance, beginning of year	3,487,561	3,207,120
Net additions in the year	898,819	280,441
	4,386,380	3,487,561
Lease of grounds at cost	1	1
	4,386,381	3,487,562
	$7,957,245	$6,806,377

(see accompanying notes)

CANADIAN NATIONAL EXHIBITION ASSOCIATION
(Incorporated by a Special Act of The Province of Ontario)

BALANCE SHEET

DECEMBER 31, 1983
(with comparative figures for 1982)

LIABILITIES

	1983	1982
CURRENT FUND		
LIABILITIES		
Accounts payable and accrued liabilities		
Trade	$1,949,312	$1,365,376
Municipality of Metropolitan Toronto	100,055	
Tree replacement (note 3)	34,527	34,527
Deferred revenue	80,489	376,714
	2,164,383	1,776,617
OPERATING RESERVES AND SURPLUS (note 4)		
Worker's Compensation		15,000
Prize Guarantee Fund		150,000
Inventory of materials and supplies		58,937
Repairs to surface, curbing and drainage of British Columbia Road		14,741
Surplus	1,406,481	1,303,520
	1,406,481	1,542,198
	3,570,864	3,318,815
CAPITAL FUND		
Investment in fixed assets purchased from Current Funds	4,386,381	3,487,562
	$7,957,245	$6,806,377

(see accompanying notes)

CANADIAN NATIONAL EXHIBITION
STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1983
(with comparative figures for 1982)

	1983	1982
REVENUE		
Annual Exhibition	$18,180,657	$13,644,895
Exhibition Place	8,376,719	6,380,286
	26,557,376	20,025,181
EXPENDITURES		
Annual Exhibition	16,869,040	12,601,578
Exhibition Place	8,281,855	6,120,083
	25,150,895	18,721,661
NET REVENUE FOR THE YEAR	1,406,481	1,303,520
SURPLUS (DEFICIT), BEGINNING OF YEAR	1,303,520	(1,826,420)
RECEIVED FROM (PAID TO) THE MUNICIPALITY OF METROPOLITAN TORONTO	(1,303,520)	1,826,420
SURPLUS, END OF YEAR	$ 1,406,481	$ 1,303,520

(see accompanying notes)

CANADIAN NATIONAL EXHIBITION ASSOCIATION

STATEMENT OF ANNUAL C.N.E. OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1983

(with comparative figures for 1982)

	1983	1982
REVENUE		
Ground admission (net of revenue paid to Ontario Place - 1983 - $409,656; 1982 - $397,078)	$ 4,032,624	$ 3,908,014
Concessions including midway	4,351,015	3,582,577
Grandstand	5,663,560	2,952,086
Exhibit space	2,166,636	2,047,768
General services	128,072	200,186
Other	1,838,750	954,264
	18,180,657	13,644,895
EXPENDITURES		
Ground admission	875,721	718,539
Concessions including midway	171,009	193,255
Grandstand	4,974,743	2,499,657
Exhibit space	1,176,343	1,024,761
Agriculture events	992,651	934,977
Sports and aquatic events	564,059	308,416
General attractions	1,626,437	1,324,783
General services	2,660,679	2,529,326
Publicity	830,606	906,924
Special expenditures	1,020,541	516,944
Administration	1,976,251	1,643,996
	16,869,040	12,601,578
NET REVENUE	$ 1,311,617	$ 1,043,317

(see accompanying notes)

CANADIAN NATIONAL EXHIBITION ASSOCIATION

STATEMENT OF EXHIBITION PLACE OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1983

(with comparative figures for 1982)

	1983	1982
REVENUE		
Building rentals	$2,676,282	$1,924,133
Parking	2,844,960	2,404,853
Summer midway and bandshell	262,581	114,369
General services	2,592,896	1,936,931
	8,376,719	6,380,286
EXPENDITURES		
Building rentals	993,484	857,246
Parking	677,244	590,575
General services department	4,665,516	3,384,178
Special expenditures	869,349	438,630
Administration	1,076,262	849,454
	8,281,855	6,120,083
NET REVENUE	$ 94,864	$ 260,203

(see accompanying notes)

CANADIAN NATIONAL EXHIBITION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1983

1. OPERATIONS OF EXHIBITION PLACE

The Province of Ontario enacted legislation during 1983 providing for the establishment of a Board of Governors to operate Exhibition Place, including Exhibition Stadium, on behalf of the Municipality of Metropolitan Toronto. The Board assumed overall responsibility for Exhibition Place on July 8, 1983 and entered into an agreement whereby the Association continued management of Exhibition Place, with the exception of the stadium, to December 31, 1983. Accordingly, these financial statements reflect the operations of the Annual Exhibition and Exhibition Place for the whole of 1983 as if no change in control had occurred.

As of January 1, 1984 the Board of Governors assumed direct responsibility for operations of Exhibition Place, and operating assets of the Association, reflected in the Balance Sheet at December 31, 1983, were transferred to the Board as required by the legislation.

The Association will no longer participate in the operation of Exhibition Place for the non-Exhibition period. The Agreement between the Board of Governors and the Municipality provides for continued participation of the Association in the production of the Annual Exhibition and an agreement to that effect is being negotiated.

2. ACCOUNTING POLICIES

a) Major capital facilities are financed by and are the property of the Municipality of Metropolitan Toronto. Other capital expenditures on plant and equipment were charged by the Association to current operations in the year of purchase, in accordance with municipal accounting practices. For record purposes these purchases were accounted for in the Capital Fund of the Association. Assets on hand acquired prior to 1954 were valued at depreciated replacement cost as at January 1, 1954.

Assets on hand acquired since that date were valued at cost. Upon disposal the asset value was removed from the Capital Fund and any proceeds taken into current revenue.

b) Under the operating agreements with the Board of Governors of Exhibition Place and the Municipality of Metropolitan Toronto, current surplus is payable to the Municipality.

3. LIABILITIES - TREE REPLACEMENT

The Association received $52,239 from the Province of Ontario in 1975, to be used solely for tree replacement. At December 31, 1983, $34,527 of this amount had not been expended.

4. OPERATING RESERVES

Operating reserves for Worker's Compensation, Prize Guarantee Fund, Inventory of materials and supplies, and repairs to surface, curbing and drainage to British Columbia Road were established by the Association in prior years.

The legislation referred to in Note 1 provides that these operating reserves be vested in the Metropolitan Corporation and accordingly these reserves and the related assets have been assumed in 1983 by the Municipality. No changes occurred in these reserves in the current year prior to their assumption by the Metropolitan Corporation.

5. LIABILITY FOR VESTED SICK LEAVE BENEFIT

Under the Sick Pay Credit Plan for employees of the Association, unused sick leave can accumulate and employees may become entitled to a cash payment on resignation, retirement or death. The contingent liability for these accumulated days, to the extent that they have vested and could be taken in cash by the employees on termination, amounted to aproximately $200,000 at December 31, 1983 (1982 - $177,000). It is the policy of the Association to record the cost of such payments in the year in which the liability becomes payable and accordingly, no provision has been made towards such a liability in the accounts.

6. CHANGES IN FINANCIAL POSITION

No statement of changes in the financial position has been prepared as such a statement does not provide significant additional disclosure. The decrease in net assets in the Current Fund is the result of the following transactions:

Surplus for 1982 paid to the Municipality of Metropolitan Toronto	$1,303,520
Operating reserves assumed by the Municipality of Metropolitan Toronto (Note 4)	238,678
	1,542,198
Net revenue for year	1,406,481
Decrease in net assets in Current Fund	$ 135,717

7. SPONSORSHIP REVENUE

The Association entered into agreements with a number of corporate sponsors whereby these sponsors provided cash, products, advertising or entertainment support to the Annual Exhibition activities. In return the Association provided consideration in a number of diverse ways including specific rights to selected operations or attractions, advertising recognition and discounted admission prices.

The Association has recorded in its accounts only the portion of such revenue received in cash in an amount, including payment for discounted admissions and other attractions, totalling $1,640,000. Contributions of products and other services have not been reflected in the accounts.

8. COMPARATIVE FIGURES

Certain of the 1982 figures presented here for comparative purposes have been reclassified to conform with the current year's presentation.

APPENDIX "B"

BOARD OF GOVERNORS OF EXHIBITION PLACE
EXHIBITION STADIUM

Auditor's Report and Financial Statements
For the Year Ended

December 31, 1983

The Municipality of
Metropolitan Toronto

Metropolitan Audit Department

12th Floor, 365 Bay Street
Toronto, Ontario, Canada M5H 2V1
Telephone: (416) 947-8030

Allan G. Andrews, C.A., *Metropolitan Auditor*

March 15, 1984

AUDITOR'S REPORT

**To the Board of Governors of
Exhibition Place**

I have examined the balance sheet of the Board of Governors of Exhibition Place, Exhibition Stadium as at December 31, 1983 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Exhibition Stadium as at December 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

METROPOLITAN AUDITOR

BOARD OF GOVERNORS OF EXHIBITION PLACE
EXHIBITION STADIUM

BALANCE SHEET
DECEMBER 31, 1983
(with comparative figures for 1982)

	1983	1982
ASSETS		
Cash	$ 161,654	$ 40,399
Term deposits	500,000	550,000
Accounts receivable		
Trade	444,565	225,850
Municipality of Metropolitan Toronto	14,343	
Note receivable		5,400
	$ 1,120,562	$ 821,649
LIABILITIES		
Accounts payable and accrued liabilities		
Trade	$ 139,909	$ 438,377
Canadian National Exhibition Association	90,054	121,020
Municipality of Metropolitan Toronto		
User fee charges		4,530
Net income from operations	890,599	257,722
	$ 1,120,562	$ 821,649

(see accompanying notes)

On behalf of the Board of Governors

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BOARD OF GOVERNORS OF EXHIBITION PLACE

EXHIBITION STADIUM

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1983

(with comparative figures for 1982)

	1983	1982
REVENUE		
Stadium rentals	$1,900,392	$1,723,614
User fees	584,368	463,478
Concessions	1,009,359	611,111
Scoreboard rental	175,919	125,029
Equipment rentals	55,000	47,000
Canada Ontario Employment Development Grant	195,700	
Sundry	19,510	24,953
Expenses recovered	1,311,177	997,594
	5,251,425	3,992,779
EXPENDITURE		
Administrative salaries and fringe benefits	242,501	234,648
Materials, supplies and utilities	603,440	578,055
Equipment	104,732	175,831
Services rentals and other expenses	2,825,785	2,283,045
	3,776,458	3,271,579
NET INCOME FROM OPERATIONS	1,474,967	721,200
User fees payable to the Municipality of the Metropolitan Toronto (note 2(c))	584,368	463,478
NET INCOME FOR YEAR	$ 890,599	$ 257,722

(see accompanying notes)

BOARD OF GOVERNORS OF EXHIBITION PLACE

EXHIBITION STADIUM

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1983

1. OPERATIONS OF EXHIBITION STADIUM

The Province of Ontario enacted legislation during 1983 providing for the establishment of a Board of Governors to operate Exhibition Place, including Exhibition Stadium, on behalf of the Municipality of Metropolitan Toronto.

The management of Exhibition Stadium was, by agreement with the Municipality, the responsibility of Exhibition Stadium Corporation. When the management agreement between the Board and the Municipality came into effect on July 8, 1983, operation of Exhibition Stadium became the responsibility of the Board. These financial statements reflect the assets and operations of Exhibition Stadium, managed by the Corporation to July 8, 1983, and by the Board subsequent to that date, on behalf of the Municipality.

2. ACCOUNTING POLICIES

(a) Major capital facilities are financed by and are the property of the Municipality of Metropolitan Toronto. Other capital expenditures on plant and equipment are charged by the Board to current operations in the year of purchase, in accord with municipal accounting practices. Accordingly, fixed assets are not valued on the books of the Stadium and depreciation is not charged in its accounts.

(b) Under the operating agreements with the Board of Governors of Exhibition Place and the Municipality of Metropolitan Toronto, current surplus is payable to the Municipality.

(c) A user fee charge of 25¢ per ticket sold at a price greater than $2.00 is assessed to tenants. These amounts collected are paid to a reserve fund of the Municipality of Metropolitan Toronto to be used to defray the costs of future capital improvements.

3. CHANGES IN FINANCIAL POSITION

No statement of changes in financial position has been prepared as such a statement does not give significant additional disclosure. Funds generated were equal to the surplus for the year and were applied as follows:

	1983	1982
Increase in net assets	$ 632,877	$ 251,577
Net income paid to Municipality of Metropolitan Toronto	257,722	6,145
	$ 890,599	$ 257,722

4. COMPARATIVE FIGURES

Certain of the 1982 figures, presented here for comparative purposes, have been reclassified to conform with the current year's presentation.

POOR

QUALITY

ORIGINAL